

SECRET
SECURITY INFORMATION

24 Sep. 1953

FOR : Chief, EE
: Chief, SR Attn: []
Chief of Base, Salzburg

Operational/GROSVY/MSDCX

Blackmail attempt on Grallspace 1

Reference: SALIZ 1725

1. at the 21 September meeting with Grallspace 1 he reported that he had a personal problem which might affect his security. It involved his former 16 year old mistress at the Naturfreundehaus, Edith LEGERER, her grandmother, Maria PFENNIG, and Hermine STUERKNER, with whom Grallspace 1 became acquainted while STUERKNER was staying at the Naturfreundehaus and also whom Grallspace 1 later suggested as a spotting lead in a defector program. Before Grallspace 1 started his story he related that STUERKNER and PFENNIG had gotten into arguments several times and were on rather bad terms. Furthermore, Grallspace 1 described PFENNIG as an unscrupulous and deceitful old woman who would not hesitate at any plot to get her hands on some extra money. Grallspace 1 said that at the end of the war an SS man who had escaped arrest was staying at the Naturfreundehaus and had with him a large amount of money. PFENNIG reportedly stole the money and then turned the SS man over to the police. LEGERER is described by agent as a juvenile delinquent having little or no sense of morality who would sleep with any man that happens to spend some time at the Naturfreundehaus. With this introduction Grallspace 1 related the following problem:

a. Last May when Grallspace 1 was living at the Naturfreundehaus, PFENNIG mentioned to him that his relations with her granddaughter might get him into trouble and may cost him money. Nothing more was ever said and Grallspace 1 considered the statement as nothing more than a bit of silliness coming from a cranky old woman. Grallspace 1 said he had not seen or heard from either LEGERER or PFENNIG since the beginning of July when he was told by case officer to cease the friendship. On 20 September Grallspace 1 accidentally met STUERKNER on the street in Salzburg and she told him that she had heard that PFENNIG was going to try to blackmail Grallspace 1 on the basis of his relations with PFENNIG's granddaughter. It seems that PFENNIG suspects Grallspace 1 as being a blackmarketeer with considerable money at his disposal and plans to inform Grallspace 1 that unless he pays her hush-money she will report him to the Salzburg Jugendamt as contributing to the delinquency of a minor. This, PFENNIG feels, would bring Grallspace 1's "black market" activities to the attention of the police. PFENNIG hopes that Grallspace 1 would pay the blackmail to avoid this police investigation.

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Grallspice 1 feels that in view of the LEGERER's already complete delinquency the police would throw PFENNIG and her delinquency complaint out of the police station. This point is debatable. However, the police would definitely prick up their ears at the information that Grallspice 1 is a rich blackmarketeer. Thus the threat is considered valid. Naturally PFENNIG would be nothing ahead by going to the police if Grallspice 1 refused to bow to her threat, but by dint of her personality she may well carry out her threat and go to the police. We are not concerned over the blackmail threat nor are we concerned over the black marketer charge. Our main concern is to avoid the police investigation, which might possibly result from the old lady's trouble making.

2. There are two other points to be made in considering the case. First of all, the entire affair may be a machination of Frau STUERKNER because of her animosity towards Frau PFENNIG. Grallspice 1 does not feel that STUERKNER is the type to do such a thing but this is still a possibility. Secondly, PFENNIG has not yet acted to carry out her threat and the longer she waits the more difficult it becomes for her to approach either the police or Grallspice 1 with the delinquency charge. Nevertheless she could always threaten Grallspice 1 with exposure as a black marketer.

3. We do not wish to minimize the danger in this episode, but even though the threat is a very valid and real one, the entire affair may turn out to be nothing at all except the evil haggling of a cantankerous old woman. But since PFENNIG is the trouble maker type and could well threaten to expose agent's "black marketing", a real concrete security threat does exist and we do not feel that we could risk overlooking or forgetting the entire affair. Thus as suggested in paragraph 2b of reference, we feel that the soundest solution would be to remove Grallspice 1 from the Salzburg area as soon as possible.

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